



JOINT CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.:
09-10-DPP/OMB/OIT

ORIGINATING
AGENCIES: DIVISION OF PURCHASE AND PROPERTY
OFFICE OF MANAGEMENT AND BUDGET
OFFICE OF INFORMATION TECHNOLOGY

PAGE: 1 OF 7

EFFECTIVE
DATE: 1-29-09

EXPIRATION
DATE: INDEFINITE

SUPERSEDES:
08-10-DPP/OMB/OIT

SUBJECT: PROFESSIONAL SERVICES: REVIEW, CONTROL, MONITORING, AND EXTENSIONS

ATTENTION: DEPARTMENT HEADS AND CHIEF FISCAL OFFICERS

FOR INFORMATION CONTACT: ASSISTANT DIRECTOR, CONTRACT COMPLIANCE AND ADMINISTRATION UNIT,
(609) 292-5400 ccau@treas.state.nj.us
GARY BRUNE, OMB, (609) 984-5234 gary.brune@treas.state.nj.us
PROJECT MANAGEMENT OFFICE/EXTERNAL PROCUREMENT UNIT,
(609) 777-3773 pmo@oit.state.nj.us

I. PURPOSE

The purpose of this circular is to establish the policies and procedures for agencies to follow when seeking to contract with vendors for Professional Services whether by public advertising or waiver of advertising. Effective planning for and management of Professional Services contracts will result in projects being completed on time and within budget so that the State receives maximum value for its contract expenditures. For purposes of this circular, Professional Services are services requiring special, usually advanced, education and skills. The practice of these skills may require special licenses or other validating credentials. Note the scope of Professional Services addressed in this circular goes beyond the breadth of Professional Services defined at N.J.S.A. 52:34-10.8.

This circular is to be used in conjunction with other Treasury Circulars and policy directives related to Professional Services contracts as specified in applicable sections of this circular. The policies and procedures set forth herein apply to all agency requests, including waived contracts and other actions obligating or expending public funds for contracted Professional Services.

This circular does not apply to the following:

- A. Procurements within the Delegated Purchasing Authority (DPA) governed by Circular 06-16-DPP;
- B. Procurement of engineering and architectural services by the Department of Transportation or the Division of Property Management and Construction;
- C. Procurements by State colleges and universities or New Jersey Transit Corporation; and
- D. Procurement of legal services and expert witnesses by the Attorney General.

The Treasurer's authority includes oversight of expenditures by the Executive Branch. In order to ensure effective administration and monitoring of contracts for Professional Services, the Department of the Treasury (Treasury) sets policy, advises, facilitates, approves and/or monitors agencies in their procurement of Professional Services. This centralization of authority promotes a consistent approach to State contracting and provides a resource to enhance agencies' understanding and improvement of contract administration. Three entities within the Treasury department participate in the contracting process for Professional Services. These entities are:

- 1. The Division of Purchase and Property's Purchase Bureau (Purchase Bureau)
- 2. The Office of Management and Budget (OMB)
- 3. The Office of Information Technology (OIT)

The participation of these entities ensures coordination, provides for appropriate review, ensures effective monitoring and control, as well as establishes procedures for the administration of Professional Services contracts.

OFFICE OF INFORMATION TECHNOLOGY:

All requests for telecommunications and information technology consultant services, equipment, and software must be approved by the OIT. The purpose of the OIT's review is to ensure that these contracts result in effective, efficient and economical use of State resources (N.J.S.A. 52:18a-186, et seq.) and reflect the strategic direction for Information Technology (IT) as required by N.J.S.A. 52:18A-224 et seq. and P.L. 2007, c.56. Contracts requiring the OIT approval should be submitted to:

Office of Information Technology
Project Management Office,
External Procurement Unit
P.O. Box 212
Trenton, NJ 08625-0212
pmo@oit.state.nj.us

AGENCIES: DIVISION OF PURCHASE AND PROPERTY
OFFICE OF MANAGEMENT AND BUDGET
OFFICE OF INFORMATION TECHNOLOGY

OFFICE OF MANAGEMENT AND BUDGET:

The OMB's review and approval is primarily a fiscal one to ensure that project outcomes, fiscal requirements, staffing needs, resources needs, and multi-year budget implications conform to overall State policies and budgetary forecasts (N.J.S.A. 52:19-10 to 12). Requests requiring the OMB approval are specified in Section II. and should be submitted **electronically (including the summary letter from the agency, copy of the Request for Proposal (RFP), cost information and any waiver documentation)** to:

Gary Brune, Associate Director
Office of Management and Budget
P.O. Box 221
Trenton, NJ 08625-0221
cathy.nonamaker@treas.state.nj.us

PURCHASE BUREAU:

Pursuant to the authority of the Director, Division of Purchase and Property (DPP), the Purchase Bureau has primary responsibility for facilitating the development and award of Professional Services contracts (N.J.S.A. 52:34-12). Specifically, the Purchase Bureau finalizes and issues the RFP, receives and tabulates bids submitted by bidders in response to the RFP, chairs the Evaluation Committee during the evaluation of the proposals, and recommends contract awards to the Director. Requests to procure publicly advertised Professional Service contracts should be submitted to:

Central Intake
Division of Purchase and Property
P.O. Box 230
Trenton, NJ 08625-0230

CONTRACT COMPLIANCE AND ADMINISTRATION UNIT (CCAU):

Also part of the DPP, the CCAU serves as a resource for agencies, an intermediary to resolve problems encountered by agencies during contract administration and as the initial arbiter of formal complaints filed by agencies against contractors. The CCAU monitors contractors to ensure their compliance with Treasury contract terms. The CCAU identifies and recommends areas for improvement of the agency's contract administration. Agencies are encouraged to request the CCAU's assistance when they have questions or encounter problems related to their Professional Services projects.

Where appropriate for obtaining Professional Services, as set forth in N.J.S.A. 52:34-9 and 52:34-10, Requests for Waivers of Advertising are also processed by the CCAU pursuant to Circular 08-08-DPP. Agencies should submit requests for the CCAU assistance to:

Philip J. Michaels, Acting Assistant Director
Contract Compliance and Administration Unit
P.O. Box 236
Trenton, NJ 08625-0236
philip.michaels@treas.state.nj.us

II. POLICY AND PROCEDURES

The procedures set forth below explain the role of the agency and Treasury.

The requesting agency has primary responsibility for obtaining maximum value from its Professional Services contracts and to ensure that all deliverables are satisfactorily provided according to agreed upon schedules. The agency's responsibilities, some of which may be concurrent, are as follows:

- A. Identify an agency need that requires contracted Professional Services.
- B. Whenever feasible, employ in-house staff, other agencies, or the State colleges and universities to provide Professional Services rather than private vendors.
- C. Identify funding source and estimate the cost, staffing, and resource needs of the requesting agency to administer and manage the contract. If the contract involves the participation of or includes other State agencies, then the estimates for these items for the other State agencies must be included in the submission. The estimate of costs, staffing, and resource needs must cover the projected duration of the contract.
- D. Obtain agency management approvals.
- E. Involve the Purchase Bureau and the OIT as early as possible in the process to help define project objectives, scope of work, deliverables, a preliminary schedule and if needed, retain the services of an outside consultant to help develop a suitable RFP. The IT related commodities and services must be included in the respective Agency Strategic Plans and must have involved the OIT from early inception (conceptual design discussions) to take advantage of advice, direction and adherence to statewide IT organization standards and capacity planning. In addition, the Project Review Board has the discretion to review and approve all large scale projects (those in excess of \$1,000,000) before proceeding to the RFP preparation step.
- F. Provide projections of the costs, resources, and staffing needs of providing the needed professional services in-house. These estimates should be provided for the projected duration of the contract to be developed and advertised by the Purchase Bureau.
- G. Obtain the OMB's and the OIT's written approval. Such approval requests should be made at least one week in advance (longer for larger projects) so as to provide sufficient lead time for a proper review. The request for the OMB's and the OIT's approvals should comply with the attached OMB requirements checklist, regardless of funding source as well as the guidelines established by the OIT in circular 07-06-DPP/OIT.

Professional Services are subject to the OMB approval if they are (1) proposed to be with private sector vendors or with a State college or university, and (2) likely to exceed **\$250,000** for the term of the contract (excluding extensions), or have no dollar amount specified. Professional services related to IT are subject to the OIT approval regardless of any dollar amount.

AGENCIES: DIVISION OF PURCHASE AND PROPERTY
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Procurements of all consultant Professional Services meeting the above criteria, as defined in the attached NJCFS Object Codes listing, are subject to the OMB and the OIT review and approval. Note that consultant Professional Services that were previously distinguished between "advisory" and "non-advisory" (such as assistance in the implementation of a program) are now subject to the OMB and the OIT review and approval, including information system feasibility studies or programming/development. The only exceptions are information processing, telecommunications, and operational services (object code 3420), software (object code 3430), equipment rental (object code 3440), and maintenance of computer software and equipment (object code 3450), none of which require the OMB review but still require the OIT review.


- H. Obtain the OIT's written approval for telecommunications, information technology consultant services, equipment, and software in accordance with Circulars 07-06-DPP/OIT and 07-14-OMB/OIT, prior to submission to the Purchase Bureau.

Projects requiring both the OMB and the OIT approval should be submitted simultaneously to the OMB and the OIT so that a coordinated and expeditious review can be conducted. The OMB and the OIT will notify the agency of their respective decision in writing or will call for missing information within four weeks of submission.

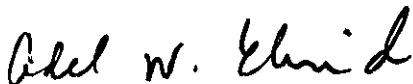
Pre-existing term contract requests for information technology and telecommunications must continue to be submitted directly to the OIT for review and approval. The OIT will forward a copy of feasibility requests at the \$250,000 threshold to the OMB for its concurrent review and approval.

- I. Submit directly to the Purchase Bureau, all requests for new contracts for Professional Services that do not require the OMB or the OIT approval as set forth above. However, all Professional Service contracts must satisfy all other requirements set forth in this circular.
- J. Appoint a State Contract Manager and be sure the individual fulfills all the duties set forth in N.J.S.A. 52:34-10.7 and Circular 08-11-DPP including reviewing final deliverables for final payment and completing and executing the Project Performance Assessment Form and submitting it to CCAU. (This form will be provided by the CCAU with each contract when the OMB approval is obtained). Note that completion is a key task for the State Contract Manager. The CCAU will report to the State Contract Manager's supervisor the failure to submit the Project Performance Assessment form to the CCAU.


Remember that the three agencies identified can help with the process. Their early and substantive involvement can enhance an agency's ability to meet its contracting objectives.



Alice K. Small, Acting Director
Division of Purchase and Property



Adel W. Ebeid, Chief Technology Officer
Office of Information Technology



Charlene M. Holzbaaur, Director
Office of Management and Budget

ATTACHMENT - ONE**AGENCY REQUEST FOR PROFESSIONAL SERVICES
OMB REQUIREMENT CHECK LIST**

Agency _____ Date _____

Contact Name and Telephone _____

Professional Services Request Title/Subject _____

The following is required in the agency's submittal of a request for the OMB approval of Professional Services:

- This form, completed by the agency
- Agency approvals
- Fiscal and staffing information detailed in a separate attachment to include:
 - total amount by funding source
 - multi-year budget forecast
 - productivity impact on revenues, savings, or costs avoided
 - impact on agency staffing
 - fiscal and staff impact on other state agencies, e.g., OIT
- Project duration
- RFP, waiver proposal, or the request for extension/amendment
- One or more of the following supporting documents(s) as appropriate:
 - Agency Order (AO)
 - Requisition Purchase (RP)
 - Waiver (PB-129)
 - Purchase Order (PO)

Submit to the OIT for concurrent review if this is a request for an IT feasibility study or for programming/development.

ATTACHMENT - TWO**NJCFS OBJECT CODES RELATED TO PROFESSIONAL SERVICES AND
NECESSITATING OMB REVIEW AND APPROVAL****3410 – Information Processing, Development, Telecommunications, and Related Services (External)**

Information System and Telecommunication development performed by other State agencies, firms, or individuals who, for a fee, render professional services of a technical nature directly related to information systems and telecommunications, except charges for services rendered by the OIT (object account 3910). Included professional services are feasibility/advisability studies, programming and testing, implementation, and training.

3610 – Consultant/Advisory Professional Services (Discretionary)

This account includes charges for services which result in an analysis and recommendation for improvement, such as:

- Studies and surveys related to program research
- Planning, monitoring and evaluation
- Organizational development
- Financial management
- Workflow and procedural analysis
- System design and engineering

3620 – Technical/Professional Services (Mandatory)

Includes charges for all services which are of a necessary operational nature and/or require unique professional or technical skills, licenses, or other validating credentials, but is not limited to services provided by inspectors, appraisers, surveyors, claims processors, real estate fees, notary public, and other operational service providers including microfilming services.

3621 – Medical Doctors/Nurses/Hospitals/Therapists**3622 – Rate Setters/Rate Counsel****3623 – Transcription Services/Court Reporters****3624 – Temporary Personnel/Employment Services****3630 – Legal Services, Legal Advertising, and Legal Expenses****3631 – Lawyers/Pool Attorneys****3632 – Expert Witnesses****3640 – Auditing Services (External)**